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**SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
FINANCIAL REPORT  
JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/16/08

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Southwest Louisiana Area Health  
Education Center Foundation  
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Southwest Louisiana Area Health Education Center Foundation (a nonprofit organization) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Area Health Education Center Foundation as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2007, on our consideration of Southwest Louisiana Area Health Education Center Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts

and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Southwest Louisiana Area Health Education Center Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Broussard, Poche, Lewis & Bureau, L.L.P.*

Lafayette, Louisiana  
October 5, 2007

SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

STATEMENTS OF FINANCIAL POSITION  
June 30, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 337,865	\$ 482,441
Due from other agencies	620,303	624,957
Prepaid expenses	<u>-</u>	<u>23,260</u>
Total current assets	<u>\$ 958,168</u>	<u>\$1,130,658</u>
<b>FIXED ASSETS</b>		
Property and equipment, net	<u>\$ 86,369</u>	<u>\$ 103,742</u>
Total assets	<u>\$1,044,537</u>	<u>\$1,234,400</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 38,247	\$ 228,240
Accrued liabilities	45,539	23,970
Due to other agencies	-	1,112
Deferred revenue	6,304	94,401
Notes payable	<u>16,708</u>	<u>28,873</u>
Total current liabilities	<u>\$ 106,798</u>	<u>\$ 376,596</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 816,673	\$ 724,299
Temporarily restricted	<u>121,066</u>	<u>133,505</u>
Total net assets	<u>\$ 937,739</u>	<u>\$ 857,804</u>
Total liabilities and net assets	<u>\$1,044,537</u>	<u>\$1,234,400</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Grant revenue	\$ 3,450,854	\$ 9,622	\$3,460,476
Sponsor income	-	44,250	44,250
Donations	-	2,263	2,263
Interest income	4,840	-	4,840
Matching sites revenue	580,666	-	580,666
Miscellaneous revenue	23,637	2,412	26,049
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>70,986</u>	<u>(70,986)</u>	<u>-</u>
Total revenues, gains, and other support	<u>\$ 4,130,983</u>	<u>\$ (12,439)</u>	<u>\$4,118,544</u>
EXPENSES AND LOSSES			
Program expenses:			
Medical Job Fair	\$ 46,529	\$ -	\$ 46,529
Post Secondary/Medical	43,550	-	43,550
Tobacco Control	28,157	-	28,157
LaMaison Project	36,309	-	36,309
HIV/AIDS- HAP	51,552	-	51,552
MASH	18,373	-	18,373
Tobacco Control - Coalition	109,239	-	109,239
SAMHSA - SHIP	288,113	-	288,113
Americorps	1,911,746	-	1,911,746
Injury Prevention - Region IV	54,158	-	54,158
Injury Prevention - Region V	54,880	-	54,880
Recruitment Events	37,271	-	37,271
CDC - Promise	238,563	-	238,563
DHH Recruiter	57,818	-	57,818
Musicians Clinic	35,637	-	35,637
PCE 120	17,872	-	17,872
CDBG	55,189	-	55,189
DHH - CDRHP/INFORMED	33,628	-	33,628
UEMRS	72,500	-	72,500
LEMU	72,550	-	72,550
Other programs	175,423	-	175,423
General and administrative expenses	598,887	-	598,887
Loss on disposal of assets	<u>665</u>	<u>-</u>	<u>665</u>
Total expenses and losses	<u>\$ 4,038,609</u>	<u>\$ -0-</u>	<u>\$4,038,609</u>
Change in net assets	\$ 92,374	\$ (12,439)	\$ 79,935
Net assets, beginning of year	<u>724,299</u>	<u>133,505</u>	<u>857,804</u>
Net assets, end of year	<u>\$ 816,673</u>	<u>\$ 121,066</u>	<u>\$ 937,739</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Grant revenue	\$ 2,828,867	\$ 20,934	\$2,849,801
Sponsor income	-	65,345	65,345
Donations	-	407,280	407,280
Interest income	4,136	-	4,136
Matching sites revenue	260,488	-	260,488
Miscellaneous revenue	29,347	2,393	31,740
Net assets released from restrictions:			
Satisfaction of program restrictions	521,945	(521,945)	-
Total revenues, gains, and other support	<u>\$ 3,644,783</u>	<u>\$ (25,993)</u>	<u>\$3,618,790</u>
EXPENSES AND LOSSES			
Program expenses:			
Medical Job Fair	\$ 46,995	\$ -	\$ 46,995
Post Secondary/Medical	43,847	-	43,847
Tobacco Control	21,676	-	21,676
LaMaison Project	49,713	-	49,713
HIV/AIDS- HAP	49,277	-	49,277
MASH	9,414	-	9,414
Parent Liaison	35,067	-	35,067
Tobacco Control - Coalition	89,683	-	89,683
SAMHSA - SHIP	286,084	-	286,084
Americorps	1,182,805	-	1,182,805
Robert W. Johnson Program	117,035	-	117,035
Injury Prevention - Region IV	51,049	-	51,049
Injury Prevention - Region V	54,435	-	54,435
Recruitment Events	57,777	-	57,777
NOMC Relief Funds	298,886	-	298,886
CDC - SNAP	32,203	-	32,203
CDC - Promise	274,664	-	274,664
DHH Recruiter	52,072	-	52,072
Musicians Clinic	43,037	-	43,037
March of Dimes	18,564	-	18,564
PCE 120	15,881	-	15,881
ECHO	13,752	-	13,752
Other programs	98,822	-	98,822
General and administrative expenses	<u>555,068</u>	<u>-</u>	<u>555,068</u>
Total expenses and losses	<u>\$ 3,497,806</u>	<u>\$ -0-</u>	<u>\$3,497,806</u>
Change in net assets	\$ 146,977	\$ (25,993)	\$ 120,984
Net assets, beginning of year	<u>577,322</u>	<u>159,498</u>	<u>736,820</u>
Net assets, end of year	<u>\$ 724,299</u>	<u>\$ 133,505</u>	<u>\$ 857,804</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 79,935	\$ 120,984
Other	665	-
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	26,977	25,561
(Increase) decrease in due from other agencies	4,654	(326,191)
(Increase) decrease in prepaid expenses	23,260	(23,260)
Increase (decrease) in accounts payable	(189,993)	157,527
Increase (decrease) in accrued liabilities	21,569	(13,174)
Increase (decrease) in due to other agencies	(1,112)	1,112
Increase (decrease) in deferred revenue	<u>(88,097)</u>	<u>29,041</u>
Net cash used in operating activities	<u>\$ (122,142)</u>	<u>\$ (28,400)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>\$ (10,269)</u>	<u>\$ (25,018)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>\$ (12,165)</u>	<u>\$ (10,617)</u>
Increase (decrease) in cash	\$ (144,576)	\$ (64,035)
Cash, beginning of year	<u>482,441</u>	<u>546,476</u>
Cash, end of year	<u>\$ 337,865</u>	<u>\$ 482,441</u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ 1,180</u>	<u>\$ 1,641</u>

See Notes to Financial Statements.



SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Southwest Louisiana Area Health Education Center Foundation (the "Foundation") is a Louisiana nonprofit corporation chartered on March 7, 1991. Its purpose is to operate an area health education center in Southwest Louisiana in order to plan for additional clinical educational opportunities in rural and underserved communities.

Significant accounting policies:

Basis of accounting:

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Income tax status:

The Foundation is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restriction, that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. Approximately 13% of the total revenues, gains and other support for the Foundation is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Health Sciences Center (LSUHSC). LSUHSC has been awarded a grant by the state government, and the agreement entered into between LSUHSC and the Foundation for providing services fulfills the purpose of the grant.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allowance for doubtful accounts:

The Foundation considers accounts receivable/due from other agencies to be fully collectible; accordingly, no allowance for doubtful accounts is required.

## NOTES TO FINANCIAL STATEMENTS

### Compensated absences:

Employees of the Foundation earn leave in varying amounts depending upon length of service. At the end of each year, employees may carryforward time earned but not taken with a maximum allowable carryover of unused time of ten days per year. Accrual is capped at either 15 or 20 days depending upon years of service. As such, no employee may have more than 20 days of service accrued at any time. Subject to the above limitation, unused time is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation. At June 30, 2007 and 2006, accrued annual leave totaled \$42,937 and \$24,017, respectively.

### Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Donated services:

The Foundation receives donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

### Cash and cash equivalents:

For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation has no cash equivalents at June 30, 2007.

### Property and equipment:

Property and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with grant funds, excluding those purchased under the LSUHSC agreement as discussed below, are recorded as temporarily restricted contributions. In the absence of donor stipulations regarding how long the asset must be used, the Foundation has adopted a policy of implying a time restriction that expires over the useful life of the assets. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives range from five to seven years.

The cost of office furniture and equipment purchased under the cooperative endeavor between LSUHSC and the Foundation has not been capitalized. Title to the equipment purchased under this agreement remains with LSUHSC. The total cost of equipment at June 30, 2007 and 2006, purchased under the cooperative endeavor with LSUHSC was \$96,264 and \$181,827, respectively.

# NOTES TO FINANCIAL STATEMENTS

## Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Note 2. Concentration of Credit Risk

The Foundation maintains cash and time deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage in banks. FDIC coverage is \$100,000 per bank. At June 30, 2007 and 2006, the Foundation's uninsured balances in both banks the Foundation has accounts with totaled \$190,549 and \$241,599, respectively.

## Note 3. Due From Other Agencies

Due from other agencies consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
State of Louisiana	\$ 525,543	\$ 586,074
Others	<u>94,760</u>	<u>38,883</u>
	<u>\$ 620,303</u>	<u>\$ 624,957</u>

## Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Equipment	\$ 171,577	\$ 173,030
Furniture and fixtures	<u>13,869</u>	<u>14,369</u>
	\$ 185,446	\$ 187,399
Less accumulated depreciation	<u>(99,077)</u>	<u>(83,657)</u>
	<u>\$ 86,369</u>	<u>\$ 103,742</u>

Depreciation expense for the years ended June 30, 2007 and 2006 was \$26,977 and \$25,561, respectively.

## Note 5. Lease of Facilities

The Foundation leases various buildings to serve as branch offices. For the years ended June 30, 2007 and 2006, the Foundation expended \$56,475 and \$65,191, respectively, on lease payments. The following details the written lease agreements in effect for the year ended June 30, 2007:

# NOTES TO FINANCIAL STATEMENTS

- Lafayette office (1): \$3,250 per month, for the period January 1, 2005 - December 31, 2007.
- Lafayette office (2): \$675 per month, for the period October 1, 2005 - September 30, 2006; and \$650 per month, for the period October 1, 2006 - September 30, 2008.
- Lake Charles office: \$800 per month, for the period December 1, 2003 - November 30, 2006; and starting December 1, 2006, renews month to month.

Minimum future lease payments required under the Lafayette office's operating lease agreements for each of the next two years are as follows:

Years Ended  
June 30,

2008	\$ 27,300
2009	<u>1,950</u>
Total minimum future lease payments	<u>\$ 29,250</u>

## Note 6. Notes Payable

Notes payable at June 30, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Note payable, Iberia Bank, 5.00% interest, secured by vehicle, dated December 13, 2004, due on demand by lender, if no demand is made monthly, principal and interest payments of \$1,112, final payment due December 13, 2008.	<u>\$ 16,708</u>	<u>\$ 28,873</u>

Because the bank has the right to call the loan upon demand, the entire amount of the note is classified as current. If the bank, however, does not demand payment before maturity, the note is expected to be paid as follows:

2008	\$ 12,803
2009	<u>3,905</u>
	<u>\$ 16,708</u>

Interest expense for the years ended June 30, 2007 and 2006 totaled \$1,180 and \$1,641, respectively.

# NOTES TO FINANCIAL STATEMENTS

## Note 7. Retirement Benefits

The Foundation maintains a 401(k) Retirement Plan for its employees. Generally all employees are eligible to participate in the plan. The Foundation's contribution was 4% of gross payroll for each eligible participant in fiscal years 2007 and 2006. Contributions made by the Foundation for the fiscal years ended June 30, 2007 and 2006 were \$30,642 and \$30,440, respectively.

## Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Unexpended contributions:		
Recruitment events	\$ 32,905	\$ 31,226
Other programs	5,104	2,025
Equipment	<u>83,057</u>	<u>100,254</u>
Totals	<u>\$ 121,066</u>	<u>\$ 133,505</u>

## Note 9. Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or the expiration of time during the years ended June 30, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Purpose restriction accomplished:		
Medical Job Fair	\$ -	\$ 23,123
LRHAP	3,573	6,965
NOMC Relief Funds	-	394,458
Musician's Clinic	1,962	5,494
Recruitment events	37,571	57,777
Other programs	1,060	9,163
Time restriction expired:		
Medical Job Fair	166	-
Tobacco Control	92	92
Americorps	3,111	1,338
LaMaison Project	442	588
Robert W. Johnson Program	-	5,657
HIV/AIDS - HAP	344	344
SAMHSA - SHIP	3,879	3,879
Injury Prevention V	577	577
DHH Recruiter	523	523
Musicians Clinic	383	113
Parent Liaison	-	276
CDBG	26	-
Other programs	<u>17,277</u>	<u>11,578</u>
Totals	<u>\$ 70,986</u>	<u>\$ 521,945</u>

# NOTES TO FINANCIAL STATEMENTS

## Note 10. Natural Classification of Expenses

Expenses incurred were for the following for the year ended June 30, 2007 and 2006:

	Medical	Post Secondary/ Medical	Tobacco Control	LaMaison Project	HIV/AIDS - HAP	MASH
2007:	Job Fair					
Salary	\$ 33,337	\$ 32,399	\$14,200	\$ 23,724	\$ 30,209	\$ -
Payroll taxes	2,636	2,631	1,138	1,830	2,365	-
Insurance	4,346	3,032	795	2,967	5,868	906
401(k) retirement plan	1,333	1,084	545	762	1,160	-
Professional fees	-	30	100	-	396	4,968
Contractual services	25	90	289	379	13	7,130
Postage	125	75	150	53	10	258
Printing	249	502	1,152	199	504	128
Telephone/ utilities	1,023	113	123	193	1,556	-
Supplies	731	1,162	3,827	1,803	820	2,681
Depreciation expense	166	-	92	442	344	-
Travel/ transporta- tion	2,543	1,669	2,673	1,511	3,372	314
Meeting expenses	15	238	416	1,656	-	1,988
Conference registration	-	440	(140)	680	-	-
Rental expense	-	-	1,500	-	4,475	-
Books and audio visuals	-	-	646	-	-	-
Stipends	-	-	-	-	-	-
Subscriptions	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Incentives	-	-	291	-	210	-
Other	-	85	360	110	250	-
Totals	<u>\$ 46,529</u>	<u>\$ 43,550</u>	<u>\$28,157</u>	<u>\$ 36,309</u>	<u>\$ 51,552</u>	<u>\$18,373</u>

NOTES TO FINANCIAL STATEMENTS

<u>Tobacco Control- Coalition</u>	<u>SAMHSA- SHIP</u>	<u>Americorps</u>	<u>Injury Prevention- Region IV</u>	<u>Injury Prevention- Region V</u>	<u>Recruitment Events</u>
\$ 62,540	\$156,096	\$1,575,752	\$ 33,248	\$ 33,386	\$ 6,888
4,965	12,874	121,059	2,672	2,674	546
6,325	20,880	133,646	518	1,027	1,133
2,092	1,616	1,637	1,330	1,336	267
825	40	58	-	-	110
20,300	46,603	2,510	-	-	2,820
650	1,009	1,327	317	13	727
600	3,566	1,831	700	-	389
1,524	1,494	1,148	295	-	1,675
1,809	6,249	15,332	8,932	11,207	5,072
-	3,879	3,111	-	577	-
4,696	19,700	38,150	3,523	3,960	164
1,209	2,389	9,784	500	625	16,679
850	2,950	2,455	300	75	375
-	747	1,817	1,150	-	426
-	-	-	458	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	347	293	-	-	-
811	7,373	-	-	-	-
43	301	1,836	215	-	-
<u>\$ 109,239</u>	<u>\$288,113</u>	<u>\$1,911,746</u>	<u>\$ 54,158</u>	<u>\$ 54,880</u>	<u>\$ 37,271</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Natural Classification of Expenses (Continued)

	CDC- <u>Promise</u>	DHH <u>Recruiter</u>	Musicians <u>Clinic</u>	PCE <u>120</u>	CDBG	DHH - CDRHP/ <u>INFORMED</u>
Salary	\$139,634	\$ 41,285	\$ 24,165	\$ -	\$36,782	\$ 15,291
Payroll taxes	11,191	3,289	1,980	-	2,852	1,195
Insurance	26,536	1,848	2,509	177	2,694	251
401(k)						
retirement						
plan	5,322	-	242	-	1,273	552
Professional						
fees	-	-	80	-	4,232	-
Contractual						
services	384	1,137	200	-	1,766	1,504
Postage	125	81	222	60	34	51
Printing	2,233	31	175	11	293	7
Telephone/						
utilities	3,205	837	2,010	-	199	218
Supplies	16,559	1,518	1,063	532	1,589	4,315
Depreciation						
expense	-	523	383	-	26	-
Travel/						
transporta-						
tion	21,574	4,516	1,002	892	504	2,117
Meeting						
expenses	550	1,626	981	-	334	8,027
Conference						
registration	310	900	250	-	-	100
Rental expense	290	-	150	600	2,429	-
Books and audio						
visuals	1,000	-	-	-	-	-
Stipends	-	-	-	15,600	-	-
Subscriptions	-	-	-	-	-	-
Equipment	513	-	-	-	-	-
Incentives	3,616	-	-	-	-	-
Other	5,521	227	225	-	182	-
Totals	<u>\$238,563</u>	<u>\$ 57,818</u>	<u>\$ 35,637</u>	<u>\$17,872</u>	<u>\$55,189</u>	<u>\$ 33,628</u>



NOTES TO FINANICAL STATEMENTS

<u>UEMRS</u>	<u>LEMU</u>	<u>Other Programs</u>	<u>General and Administrative</u>	<u>Totals</u>
\$ -	\$ -	\$ 34,527	\$ 317,448	\$2,610,911
-	-	2,356	22,977	201,230
-	-	5,545	43,354	264,357
-	-	100	9,991	30,642
-	-	-	24,011	34,850
72,500	72,560	68,520	25,277	324,007
-	-	309	1,682	7,278
-	-	1,049	2,768	16,387
-	-	213	23,093	38,919
-	-	20,984	16,732	122,917
-	-	16,612	822	26,977
-	-	5,229	17,273	135,382
-	-	2,513	8,829	58,359
-	-	280	4,812	14,637
-	-	2,234	53,935	69,753
-	-	3,602	-	5,706
-	-	-	-	15,600
-	-	11,821	1,232	13,053
-	-	(3,500)	3,423	1,076
-	-	-	-	12,301
-	(10)	3,029	21,228	33,602
<u>\$72,500</u>	<u>\$72,550</u>	<u>\$175,423</u>	<u>\$ 598,887</u>	<u>\$4,037,944</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Natural Classification of Expenses (Continued)

2006:	Medical Job Fair	Post Secondary/ Medical	Tobacco Control	LaMaison Project	HIV/AIDS - HAP	MASH
Salary	\$ 32,030	\$ 31,488	\$ 9,555	\$ 12,847	\$ 27,933	\$ -
Payroll taxes	2,556	2,514	789	993	2,275	-
Insurance	4,018	3,696	835	2,231	5,682	460
401(k) retirement plan	1,280	1,136	387	130	1,065	-
Professional fees	320	-	320	11,286	198	5,287
Contractual services	130	-	-	3,271	150	90
Postage	1,342	17	199	334	244	132
Printing	1,103	43	1,231	388	537	121
Telephone/ Utilities	582	937	101	575	1,641	5
Supplies	1,214	753	4,557	2,127	1,480	2,923
Depreciation expense	-	-	92	588	344	-
Travel/ transporta- tion	2,262	2,137	1,261	4,490	3,898	284
Meeting expenses	158	549	28	8,500	21	112
Conference registration	-	410	280	1,864	(630)	-
Rental expense	-	-	1,500	-	4,439	-
Books and audio visuals	-	28	-	-	-	-
Stipends	-	-	-	-	-	-
Subscriptions	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Incentives	-	-	41	-	-	-
NOMC living allowance	-	-	-	-	-	-
Transfer to NOMC Foundation	-	-	-	-	-	-
Other	-	139	500	89	-	-
Totals	<u>\$ 46,995</u>	<u>\$ 43,847</u>	<u>\$21,676</u>	<u>\$ 49,713</u>	<u>\$ 49,277</u>	<u>\$ 9,414</u>

NOTES TO FINANCIAL STATEMENTS

<u>Parent Liaison</u>	<u>Tobacco Control- Coalition</u>	<u>SAMHSA- SHIP</u>	<u>Americorps</u>	<u>Robert W. Johnson Program</u>	<u>Injury Prevention- Region IV</u>	<u>Injury Prevention- Region V</u>
\$25,342	\$ 45,231	\$154,343	\$ 947,193	\$ 64,161	\$ 31,366	\$ 32,102
2,070	3,632	12,768	73,115	5,334	2,534	2,592
5,532	3,953	26,493	82,123	7,658	687	4,112
1,014	1,431	3,301	1,946	1,511	1,255	1,284
-	40	760	900	5,586	-	-
-	30,000	42,886	1,525	(575)	-	-
13	34	1,260	1,311	765	8	-
-	293	1,976	2,912	996	-	-
-	845	1,783	3,367	2,331	221	-
208	1,455	10,243	28,753	4,313	9,121	8,768
276	-	3,879	1,338	5,657	-	577
527	2,560	12,488	20,351	8,631	3,523	3,697
53	209	2,089	6,810	6,405	378	183
-	-	180	2,703	3,557	500	1,120
-	-	513	1,493	445	1,369	-
-	-	1,460	20	-	87	-
-	-	-	-	-	-	-
-	-	-	284	-	-	-
-	-	826	2,840	-	-	-
-	-	8,566	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>32</u>	<u>-</u>	<u>270</u>	<u>3,821</u>	<u>260</u>	<u>-</u>	<u>-</u>
<u>\$35,067</u>	<u>\$ 89,683</u>	<u>\$286,084</u>	<u>\$1,182,805</u>	<u>\$ 117,035</u>	<u>\$ 51,049</u>	<u>\$ 54,435</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Natural Classification of Expenses (Continued)

	Recruitment <u>Events</u>	NOMC Relief <u>Funds</u>	CDC- <u>SNAP</u>	CDC- <u>Promise</u>	DHH <u>Recruiter</u>
Salary	\$ 7,971	\$ -	\$18,587	\$ 158,025	\$ 38,465
Payroll taxes	634	-	1,428	12,944	3,160
Insurance	1,835	-	4,171	33,536	3,734
401(k) retirement plan	320	-	228	4,373	-
Professional fees	829	16,546	80	80	4,471
Contractual services	750	-	-	410	-
Postage	25	576	67	263	2
Printing	1,697	142	634	7,215	16
Telephone/ Utilities	148	1,056	137	2,280	240
Supplies	3,758	58,272	517	21,812	111
Depreciation expense	-	-	-	-	523
Travel/ transporta- tion	18,104	225	4,134	22,663	830
Meeting expenses	20,050	342	107	650	145
Conference registration	-	1,560	-	(825)	375
Rental expense	1,630	500	133	5,485	-
Books and audio visuals	-	-	-	-	-
Stipends	-	-	-	-	-
Subscriptions	-	-	-	43	-
Equipment	-	-	-	322	-
Incentives	-	-	1,870	205	-
NOMC living allowance	-	38,704	-	-	-
Transfer to NOMC Foundation	-	170,079	-	-	-
Other	<u>26</u>	<u>10,884</u>	<u>110</u>	<u>5,183</u>	<u>-</u>
Totals	<u>\$ 57,777</u>	<u>\$298,886</u>	<u>\$32,203</u>	<u>\$ 274,664</u>	<u>\$ 52,072</u>

NOTES TO FINANCIAL STATEMENTS

<u>Musicians Clinic</u>	<u>March of Dimes</u>	<u>PCE 120</u>	<u>ECHO</u>	<u>Other Programs</u>	<u>General and Administrative</u>	<u>Totals</u>
\$ 23,260	\$ 12,198	\$ -	\$ 4,466	\$ 24,223	\$ 275,291	\$1,976,077
1,779	955	-	342	1,874	22,160	156,448
835	482	172	765	2,592	50,291	245,893
147	337	-	300	127	8,868	30,440
1,878	-	-	1,915	450	41,249	92,195
375	-	1,000	5,545	2,000	25,597	113,154
428	124	70	3	766	3,986	11,969
647	1,192	10	42	1,912	5,980	29,087
1,015	160	-	-	821	24,735	42,980
3,404	789	342	292	14,292	8,267	187,771
113	-	-	-	11,578	596	25,561
4,550	1,296	972	82	4,528	8,570	132,063
1,882	1,031	15	-	1,615	3,786	55,118
390	-	-	-	50	4,301	15,835
700	-	-	-	1,335	50,600	70,142
158	-	-	-	5,765	473	7,991
-	-	13,200	-	6,600	-	19,800
-	-	-	-	11,274	251	11,852
406	-	-	-	3,654	2,280	10,328
-	-	-	-	-	-	10,682
-	-	-	-	-	-	38,704
-	-	-	-	-	-	170,079
<u>1,070</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>3,366</u>	<u>17,787</u>	<u>43,637</u>
<u>\$ 43,037</u>	<u>\$ 18,564</u>	<u>\$ 15,881</u>	<u>\$13,752</u>	<u>\$ 98,822</u>	<u>\$ 555,068</u>	<u>\$3,497,806</u>

# NOTES TO FINANCIAL STATEMENTS

## Note 11. Summary of Grants/Contracts Funding

The Foundation was funded through the following grants and contracts for the year ended June 30, 2007:

<u>Funding Source</u>	<u>Award Number</u>	<u>Recognized Support</u>
State of Louisiana Department of Health and Hospitals:		
HIV Prevention Program	CFDA #93.940	\$ 51,207
HIV Prevention Projects for Community-Based Organizations	CFDA #93.939	318,967
Medical Job Fair	CFMS #641392	48,301
DHH Recruiter	CFMS #641392	57,295
Injury Prevention - Region IV	CFMS #618088	59,574
Region V	CFMS #613858	60,065
Tobacco Control	CFDA #93.283	30,871
Community-based and Rural Health Program	CFMS #645628	33,628
State of Louisiana Division of Administration:		
Louisiana State University School of Medicine	CFMS #502590	515,026
Tobacco Control - Coalition	STOW05-05B	109,239
Corporation for National and Community Service:		
Americorps Grant	CFDA #94.006	1,431,097
U.S. Department of Health and Human Services:		
Substance Abuse and Mental Health Services	CFDA #93.243	355,986
Franklin Foundation Hospital	CFDA #93.912	36,108
U.S. Department of Housing and Urban Development:		
Community Development Block Grant	CFDA #14.219	56,620
Direct Relief International	-	92,080
AmeriCares Foundation, Inc.	-	150,000
Others	-	<u>54,412</u>
Total		<u>\$3,460,476</u>

## Note 12. Related Party Transactions

During the fiscal year ended June 30, 2007, the Foundation entered into a related party transaction with Louisiana Emergency Medical Unit (LEMU), a nonprofit corporation. The president of this Corporation is a Board member of the Foundation and the vice president is the Director of the Foundation. The transaction with this Corporation was in the form of a contractual services arrangement whereby the Corporation performed services for the Foundation and received \$72,500 of pass-through grant funds from the Foundation.



## **BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

#### **Other Offices:**

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Stacey E. Singleton, CPA\*  
John L. Istre, CPA\*  
Tricia D. Lyons, CPA  
Mary T. Miller, CPA  
Elizabeth J. Moreau, CPA

#### **Retired:**

Sidney L. Broussard, CPA 1925-2005  
Leon K. Poché, CPA 1984  
James H. Breau, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Lawrence A. Cramer, CPA\* 1999  
Ralph Friend, CPA\* 2002  
Donald W. Kelley, CPA\* 2005  
George J. Trappey, III, CPA\* 2007  
Terrel P. Dressel, CPA\* 2007

To the Board of Directors of  
Southwest Louisiana Area Health  
Education Center Foundation  
Lafayette, Louisiana

We have audited the financial statements of Southwest Louisiana Area Health Education Center Foundation (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate,

authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs at #2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described at #2007-1 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items #2007-1, #2007-2 and #2007-3.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Broussard, Roche, Lewis & Breaux, L.L.P.*

Lafayette, Louisiana  
October 5, 2007





## BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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### REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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Terrel P. Dressel, CPA\* 2007

To the Board of Directors  
Southwest Louisiana Area Health  
Education Center Foundation  
Lafayette, Louisiana

#### Compliance

We have audited the compliance of Southwest Louisiana Area Health Education Center Foundation (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Louisiana Area Health Education Center Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Louisiana Area Health Education Center Foundation's compliance with those requirements.

In our opinion, Southwest Louisiana Area Health Education Center Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items #2007-4 and #2007-6.

#### **Internal Control Over Compliance**

The management of Southwest Louisiana Area Health Education Center Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Louisiana Area Health Education Center Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Louisiana Area Health Education Center Foundation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in a entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items #2007-4 through #2007-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items #2007-4 and #2007-6 to be material weaknesses.

Southwest Louisiana Area Health Education Center Foundation's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Southwest Louisiana Area Health Education Center Foundation's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Broussard, Roche, Lewis & Breaux, L.L.P.*

Lafayette, Louisiana  
October 5, 2007

SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

Section I. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: unqualified.

Internal control over financial reporting:

- Material weakness identified?   X   Yes        No
- Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes        None Reported

Noncompliance material to financial statements noted?   X   Yes        No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?   X   Yes        No
- Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes        None Reported

Type of auditors' report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   Yes        No

Identification of major programs:

CFDA Number

94.006  
93.939

Name of Federal Program

AmeriCorps  
HIV Prevention Activities -  
Non-Governmental Organization  
Based

Dollar threshold used to distinguish between type A and type B programs:  
\$300,000.

Auditee qualified as low-risk auditee?             Yes          X   No

## Section II - Financial Statement Findings

### #2007-1 Disbursements and Related Grant Requests

Finding: The items detailed below relate to disbursements of the Foundation and were encountered during the course of the audit indicating a weakness in controls over the disbursement process and the related grant requests, as applicable.

1. Payments to restaurants without an explanation on the receipt of the reason for the meal. These related to the following grants: SAMHSA-SHIP \$32; DHH - CDRHP \$150; and LSU federal funds \$460. There was also a purchase under the OPH - HAP grant in the amount of \$13 and one under the SAMHSA-SHIP grant in the amount of \$31 on a credit card with no indication of the item purchased or the reason for the purchase. In addition, there was a payment to a hotel in the amount of \$751 under the SAMHSA-SHIP grant and air fare in the amount of \$174 under the CDC-Promise grant with no explanation of the reason for either.
2. Purchases of gift cards which are being used to provide incentives where the total receipts did not equal the total amount of the gift card. For the SAMHSA-SHIP grant, the gift card was \$250 while the receipts attached totaled only \$218. For the Tobacco Control grant, the documentation in the grant folder only included the super market receipts for the gift cards but no support for how they were spent. The total amount tested in the audit under this grant was \$710. Based on our review of the receipts attached (for those which included receipts), these appear to be personal items purchased for individuals. The unsupported amount of \$742 is considered a questioned cost.
3. Lunch for secretary's day recorded as a meetings expense as well as tissue paper, ribbon and candy recorded as a supplies expense of the SAMHSA-SHIP grant do not appear to be allowable grant expenses. These items totaled \$40.
4. One reimbursement request tested under the CDC-Promise grant was mathematically incorrect. As a result, the employee was reimbursed \$10 more than he should have been.
5. \$8,934 of 2008 expenses incorrectly recorded as fiscal year 2007 expenses in order to reflect the expense in the grant period prior to the end of the grant. Audit adjustments were made to correct the majority of these errors.

6. Items charged to the incorrect general ledger account as follows:

- a. Item charged to other supplies that should have been charged to software;
- b. Item charged to meeting expense that should have been charged to conference registration; and

In addition, one item which should have been coded to meeting expense, based on the support, was actually charged to other supplies.

- 7. One check with related support which came up in our test could not be located (check # 27683 to Chase Card Services in the amount of \$873).
- 8. A purchase under the DHH - CDRHP grant of a DVD player, satellite radio and portable digital audio in the amount of \$258. We were unable to locate this item in the budget of the grant.
- 9. Payment for hotel accommodations under the CDC-Promise grant in the amount of \$88 where the support attached was the confirmation rather than the bill/receipt and therefore it did not agree to the amount paid.

The above items were encountered when performing a test of disbursements as well as tests of grant requests, which by nature are tests of items selected at random. Therefore, although the majority of the amounts appear to be insignificant, due to the rate of occurrence in the items sampled, the problem is considered significant.

Recommendation: We recommend that the Foundation revisit its current policies and procedures over disbursements to ensure that all disbursements are properly supported and allowable prior to requesting grant reimbursements.

#### **#2007-2 AmeriCares Foundation, Inc. Funding**

Finding: During the current fiscal year, the Foundation received funding from the AmeriCares Foundation, Inc. for two separate projects, Louisiana Emergency Medical Unit (LEMU) and Universal Electronic Medical Record System (UEMRS). According to the grant agreements, these are projects of the Foundation and the grant guidelines are to be monitored/complied with by the Foundation. However, in actuality, they are separate nonprofit corporations whereby the Foundation issued each organization the grant money, after deducting an administrative fee. There was nothing on file to indicate that the funds had been monitored by the Foundation to ensure compliance with the applicable grant guidelines.

Recommendation: We recommend that the Foundation obtain documentation to allow them to monitor whether the grant funds were spent in accordance with the grant guidelines. In addition, in the future, the grant agreement should accurately reflect the parties of the grant.

#### **#2007-3 Administration of Grant**

Finding: Based on the grant document, the Foundation was a subrecipient of a Rural Health Network Development Planning Grant and Franklin Foundation Hospital was the lead agency (pass through entity). In accordance with the grant document, Franklin Foundation Hospital was to earn an administrative fee of \$10,000 to administer this grant and the Foundation was to receive \$75,625 to carry out the program. However, the entire grant was received by the Foundation. In addition, on the grant document, an employee of the Foundation was listed as the director of the Hospital. I was unable to obtain a document which reflected that the Foundation had taken over responsibility of the administration of the grant. In addition, the salary of the individual handling the program was budgeted in the contractual services line item. The Foundation substituted \$5,000 of this with other supplies and requested the salary under the administrative line item. However, there was no budget revision to reflect this. Therefore, administrative expenses in the amount of \$10,000 as well as contractual services of \$5,000 are considered questioned costs.

Recommendation: We recommend that the Foundation contact the grantor to determine proper resolution of these issues.

### **Section III - Federal Award Findings and Questioned Costs**

#### **94.006 Americorps**

#### **#2007-4 Administrative Costs**

Finding: For the grant that was completed in the fiscal year ending June 30, 2007, the administrative costs budgeted were \$89,653. This amount was based on salaries and benefits and was 5.12% of that base. Rather than using this rate throughout the grant year to request reimbursement, the Foundation requested a set amount each month equal to the total budget divided by the number of months of the grant. At the end of the grant year they had therefore received the entire budgeted amount. However, the entire grant was not spent. As a result and based on our calculation, the Foundation received approximately \$13,177 more than what was allowed for in the budget based on the actual expenses.

For the ongoing grant, the Foundation is using the same method of requesting administrative costs. As of June 30, 2007, the difference between this method and the method described above is that administrative costs in the amount of approximately \$31,437 appear to have been over claimed.

Recommendation: We recommend that the Foundation request funds using the percent in the budget as opposed to a monthly amount calculated based on the total budget.

#### **#2007-5 Match Sites**

Finding: Each match site is billed for its expenses. When we compared the expenses and revenues for these sites, differences existed.

Recommendation: The revenues and expenses for these sites should be reconciled on a monthly basis.

**#2007-6 Living Allowance**

Finding: We tested 35 member files for compliance with the grant requirements. Of the individuals tested, there were five that were not paid the correct living allowance. Four of these individuals were paid less than the amount provided for in the grant guidelines while one was overpaid. The total overpaid for the year on this individual was \$875. The errors appear to be the result of the allowance changing for these individuals during the year and the Foundation not being aware that the amounts had changed. Therefore, the payroll system was not updated with the correct information.

Recommendation: Procedures should be established to ensure that living allowances are adjusted in accordance with the grant guidelines.



SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

SCHEDULE OF PRIOR FINDINGS  
Year Ended June 30, 2007

Section I. Internal Control and Compliance Material to the Financial Statements

**#2006-1 Segregation of Duties Over Cash Receipts**

Recommendation: In order to strengthen controls, we recommend that all receipts be logged by the individual receiving the mail. The log should be submitted to the Finance Director who should compare the log to the actual deposit when reconciling the bank statement at the end of the month.

Current Status: Resolved.

**#2006-2 Disbursements**

Recommendation: We recommend that the current policy be revised to identify specifically when it is proper to use a credit card. Credit cards should be used only when necessary and not for normal operating disbursements. When a credit card is used the entire approval process is bypassed. In addition, the policy should detail the procedures that the purchase must go through prior to being processed for payment. These procedures should include requiring that both the invoice and the credit receipt be present and that the reason for the purchase be documented. In addition, the travel policy should be reevaluated and updated to ensure that expenses being charged while on company business are reasonable.

Current Status: The Foundation has set up and enforced the revised credit card policy based on our prior year audit recommendation since January 2007. However, see #2007-1 in current year for a similar finding.

Section II. Internal Control and Compliance Material to Federal Awards

None.

Section III. Management Letter

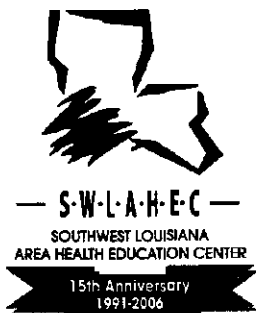
The prior year's report did not include a management letter.

SOUTHWEST LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Assistance I.D. Number
<b>DIRECT PROGRAMS:</b>		
U.S. Department of Health and Human Services -		
Substance Abuse and Mental Health Services	93.243	5H79SP10554-04/ 6H79SP10554-04
HIV Prevention Activities: Non-Governmental Organization Based	93.939	U/65/CCU624067-03
<b>PASS-THROUGH PROGRAMS:</b>		
U.S. Department of Health and Human Services -		
State Department of Health and Hospitals:		
HIV Prevention Activities -		
Health Department Based	93.940	N/A
Regional Maternal and Child Health		
Injury Prevention -		
Region IV	93.136	N/A
Region V	93.136	N/A
Tobacco Control	93.283	N/A
Medical Job Fair/Recruiter	-	N/A
Louisiana State University Health Sciences Center:		
Area Health Model Program	93.107	N/A
Corporation for National and Community Service:		
Americorps	94.006	N/A
Franklin Foundation Hospital:		
Rural Health Network Development Planning Grant	93.912	-
U.S. Department of Housing and Urban Development -		
State of Louisiana Workforce Commission:		
Community Development Block Grant	14.219	N/A

<u>Pass-Through Grantor's No.'s</u>	<u>Total Current Year Expenses</u>
-	\$ 355,986
-	318,967
CFMS #637204	37,894
CFMS #618088	20,851
CFMS #613858	27,630
CFMS #640402	30,871
CFMS #641392	14,783
-	68,659
-	1,431,097
P1ORH05346	36,108
CFMS #649664	<u>56,620</u>
	<u>\$2,399,466</u>



**JEANNE C. SOLIS**  
EXECUTIVE DIRECTOR/CEO

*Improving health status  
through access to  
education, information,  
and health services  
in the parishes of:*

ACADIA  
ALLEN  
BEAUREGARD  
CALCASIEU  
CAMERON  
EVANGELINE  
IBERIA  
JEFFERSON DAVIS  
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ST. LANDRY  
ST. MARTIN  
ST. MARY  
VERMILION



103 INDEPENDENCE BLVD.  
LAFAYETTE, LA 70506  
337.989.0001  
1.800.435.AHEC  
Fax 337.989.1401  
WWW.SWLAHEC.ORG

December 4, 2007

**Attn:** U.S. Department of Health and Human Services

**Ref:** Corrective Action plan  
FID #72-1191867

On behalf of Southwest Louisiana Area Health Education Center (SWLAHEC), I respectfully submit the following corrective action plan in response to the audit for fiscal year ending **June 30, 2007**. The responses below are numbered consistently with the findings and questioned costs reported in the audit schedule.

**Audit period:** July 1, 2006 - June 30, 2007

**Name and address of independent public accounting firm conducting audit:**

Broussard, Poche, Lewis & Breaux, LLP  
Certified Public Accountants  
PO Box 61400  
Lafayette, LA 70506

**Section II**

**Financial Statement Findings**

**#2007-1**

**Disbursements and related grant requests**

**Recommendation:** That the Foundation revisit its current policies and procedures over disbursements to ensure that all disbursements are properly supported and allowable prior to requesting grant reimbursements.

**Action:** Program directors are now required to conduct a more extensive review of check requests from their staff before approving them for payment. Check requests are reviewed for mathematical accuracy, detailed explanations of expenses, and allowance by the grant or funding source. Proper backup documentation must accompany each payment request.

**#2007-2****AmeriCares Foundation, Inc.**

**Recommendation:** That the Foundation obtain documentation to allow them to monitor whether the grant funds were spent in accordance with the grant guidelines. In addition, in the future, the grant agreement should accurately reflect the parties of the grant.

**Action:** An annual progress report was submitted to, and accepted by, the grantor during August 2007. The grantor issued written acceptance, including approval of a budget amendment for the remainder of the grant term, and a no-cost extension to the grant term through December 31, 2007.

**#2007-3****Administration of Grant**

**Recommendation:** That the Foundation contacts the grantor to determine the proper resolution of issues.

**Action:** Contact has been made with the Accounting office of the Franklin Foundation Hospital, fiscal agent for the Rural Health Network grant. Correspondence is ongoing in an effort to obtain documentation for SWLAHEC records that show approval from HRSA for Franklin Foundation Hospital to enact budget revisions related to SWLAHEC. Direct contact with HRSA grant manager will be initiated to request documentation of the budget revisions.

**Section III****Federal Award Findings and Questioned Costs****#2007-4****Administrative Costs**

**Recommendation:** That the Foundation request funds using the percent in the budget as opposed to a monthly amount calculated based on the total budget.

**Action:** With approval from the Louisiana Serve Commission (LSC), recalculation of administrative costs has occurred based on expenses for section I and II of the 2006-07 AmeriCorps grant. Adjustment of

reimbursement has occurred during 2007-08 contract year to reconcile the difference and to be in compliance with allowable reimbursement of administrative costs.

**#2007-5 Match Sites**

**Recommendation:** That the revenues and expenses for these sites be reconciled on a monthly basis.

**Action:** Procedures have been implemented to review match site trial balances on a monthly basis for correct matching of revenue and expense after match site invoices have been posted.

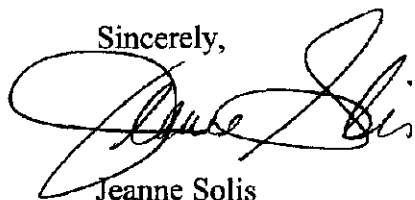
**#2007-6 Living Allowance**

**Recommendation:** That the Foundation establish procedures to ensure that living allowances are adjusted in accordance with the grant guidelines.

**Action:** AmeriCorps bookkeeper has established a spreadsheet to track the balance of each member's living allowance at each pay period. In addition, match sites are not allowed to change member living reimbursement rate during the member's service term.

Please let me know if you have questions or need further clarification of the information provided herein.

Sincerely,



Jeanne Solis  
Executive Director/CEO

Enclosures: audit report

cc: F. Trahan, CPA, Broussard, Poche et al  
SWLAHEC Board of Directors